

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7663**

**BILL NUMBER:** HB 1465

**NOTE PREPARED:** Jan 8, 2007

**BILL AMENDED:**

**SUBJECT:** First-Time Home Buyer Education.

**FIRST AUTHOR:** Rep. Hinkle

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill provides that a creditor may not make a home loan after June 30, 2008, to a first-time home buyer unless the first-time home buyer has completed a first-time home buyer education course.

The bill requires the Indiana Housing and Community Development Authority to adopt rules or guidelines prescribing the contents of the education course.

It requires the education course to include instruction or counseling on certain subjects. It provides that the education course must be conducted: (1) in a classroom or workshop session; (2) in a face-to-face tutorial; (3) through the use of video distance learning; or (4) by telephone, if the creditor uses the services of a mortgage insurer with an established education program. It also authorizes the Authority to establish standards for the certification of individuals who provide education courses.

The bill provides that a violation of these provisions is a Class B infraction and an act that is actionable by the Attorney General under the deceptive consumer sales laws.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Indiana Housing and Community Development Authority:* The Indiana Housing and Community Development Authority may incur minimal costs to adopt rules or guidelines concerning the contents of the education course. Also, the bill allows the Authority to establish standards for certification of education course providers.

*Background on the Indiana Housing and Community Development Authority:* The Authority is a quasi-governmental agency administered by the Lieutenant Governor's Office. The Authority uses federal and state matching dollars along with local dollars to administer financial vehicles and incentives to create affordable housing for rent or purchase as well as supportive facilities.

*Attorney General:* The Office of the Attorney General may incur additional expense to pursue violations of the provisions that prohibit a creditor from lending to a first-time home buyer without the buyer attending an education course. The increase in costs are indeterminable, but are based on the number of actions taken.

**Explanation of State Revenues:** *Class B Infraction:* If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class B infraction is \$1,000, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the judicial salaries fee (\$15), the public defense administration fee (\$3), the court administration fee (\$2), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

*Civil Penalties Under Deceptive Consumer Sales:* If a deceptive act is incurable, the Attorney General may bring an action under the deceptive consumer sales statute which carries a civil penalty fine of not more than \$500 for each violation. Civil penalties are deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Class B Infraction:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:** Indiana Housing and Community Development Authority; Attorney General.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Karen Firestone, 317-234-2106.